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RUEHPB/AMEMBASSY PORT MORESBY 3518  
RUEHKO/AMEMBASSY TOKYO 1042  
RUEHWL/AMEMBASSY WELLINGTON 1954  
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NSC FOR EPHU

E.O. 12958: DECL: 11/01/2017

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SUBJECT: GUS DUR ON INDONESIA'S CHALLENGING ROAD AHEAD

REF: 06 JAKARTA 13379

Classified By: Ambassador Cameron R. Hume, reasons 1.4(b,d).

¶1. (C) SUMMARY: Former President Abdurrachman Wahid (aka Gus Dur) underscored to Ambassador Hume that corruption was Indonesia's single biggest impediment to development. Looking and sounding more fragile than in recent memory, Gus Dur welcomed the Ambassador to Indonesia during the Ambassador's introductory courtesy call on October 31. Gus Dur said the forces of globalization were advancing at an unprecedented pace, and Indonesia's success or failure would hinge largely on its ability to develop a special role on the world stage and plot a strategic path forward. END SUMMARY.

FRAIL, BUT STILL GOING

¶2. (C) After commenting on the unrelenting pace of his recent travel schedule, a visibly frail Gus Dur welcomed the Ambassador to Indonesia and expressed delight that they were able to meet. (Note: Gus Dur's speech was slightly slurred and his energy level appeared to be lower than usual.) The Ambassador said he was impressed with the overall spirit of optimism in Indonesia as well as the palpable enthusiasm for democracy.

INDONESIA'S CHALLENGES

¶3. (C) Turning to the challenges in store for Indonesia, Gus Dur stressed that Indonesia's number one priority should be to tackle corruption. The problem was enormous in scale and, in Gus Dur's estimation, Indonesia still had not settled on a coherent strategy to deal with it.

¶4. (C) According to Gus Dur, Indonesia would also need to move quickly to carve out an appropriate role for itself in an increasingly globalized world. While many of its neighbors had been able to capitalize on the forces of globalization by developing a strategic foothold in the new world economy, Indonesia had by and large failed to find a specialized role for itself. The Ambassador agreed with this assessment, and noted that he had repeatedly asked Indonesian interlocutors what role Indonesia envisioned playing in the global economy.

GUS DUR'S WAY FORWARD

¶15. (C) In Gus Dur's view, one obvious way to increase Indonesia's competitiveness would be to focus on developing Small and Medium-sized Enterprises (SMEs). SMEs served as the backbone of industrialized economies and generated jobs, ideas, and tax revenue. The way to stimulate SME development, according to the former president, would be to seek a moratorium of four to five years on Indonesia's obligations to the Paris Club. The resulting revenue could be ploughed into a company that would specialize in guaranteeing loans to SMEs. Though Gus Dur said this "reform" plan would not serve as the basis of a presidential platform, he believed it was an idea that President Yudhoyono would be compelled to take under consideration.

THE FRAMERS HAD IT RIGHT

¶16. (C) Gus Dur told the Ambassador of his deep and abiding respect for two of America's founding fathers: Thomas Jefferson and Alexander Hamilton. Though the two obviously had a difference of opinion on any number of subjects, they both worked to ensure the Constitution put limits on power. The principle of limits, as it was enshrined in the U.S. Constitution, had paved the way for America's success. Indonesia, Gus Dur added, would be wise to learn from that lesson.

HUME